

**Toronto Islands
Residential Community Trust Corporation**



**ANNUAL REPORT
2012-13**

**Minister of Municipal Affairs
and Housing**

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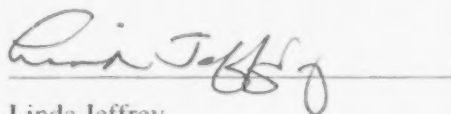


TO THE LIEUTENANT GOVERNOR
OF THE PROVINCE OF ONTARIO

MAY IT PLEASE YOUR HONOUR:

For the information of Your Honour and the Legislative Assembly, I am presenting the Annual Report and audited financial statements of the Toronto Islands Residential Community Trust Corporation for the fiscal year 2012/2013.

Respectfully submitted,



Linda Jeffrey

Minister, Municipal Affairs and Housing



TORONTO ISLANDS RESIDENTIAL
COMMUNITY TRUST CORPORATION

102 Lakeshore Avenue, Ward's Island, Toronto, Ontario M5J 1X8
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July 16, 2013

To the Honourable Linda Jeffrey
Minister of Municipal Affairs and Housing

Minister,

On behalf of the Trust and Board of Directors, I am pleased to submit the
Toronto Islands Residential Community Trust Corporation's Annual Report ,
2012-13, together with its audited financial statements for the period
2012-13.

Respectfully submitted,

A handwritten signature in dark ink, appearing to be "L. Filyer", written in a cursive style.

Lorraine Filyer

Chair

Toronto Islands Residential Community Trust Corporation

Message from the Chair,

This past year has been a busy and productive year for the Toronto Islands Residential Community Trust Corporation. Annie Szamosi and I were appointed to the board from the Toronto Island community in April 2012 and we would like to thank our colleagues on the board and the staff of the Municipal Services Central Region of the Ministry of Municipal Affairs and Housing for their ongoing support.

In 2012-13, the Trust continued to manage and administer its obligations and made progress in levy collection, updating the register of leaseholders, initiating house sales and improving overall communications with the Island community and the public. The Trust also completed its first ever Strategic Plan with the help of Island volunteers and identified key priorities to guide its operations going forward to 2016.

I look forward to continue working with my colleagues on the board and the many community volunteers who support the Trust to ensure we meet the mandate of the Trust and preserve the legacy of the Island community.

Finally, I would like to thank Geoffrey Gladdy for his dedication as a member of the board of directors for the past seven years. Geoffrey has decided to resign from the board at the end of his 2012-13 appointment term. Good luck Geoffrey in your future endeavours.



Lorraine Filyer
Chair

**Toronto Islands Residential Community Trust Corporation
2012-13 Annual Report**

A. ABOUT THE TORONTO ISLANDS RESIDENTIAL COMMUNITY TRUST CORPORATION

Under the *Toronto Islands Residential Community Stewardship Act, 1993* (the Act), residents of Ward's Island and Algonquin Island may hold title to their homes, and may lease the lots on which their houses are located until 2092.

The Toronto Islands Residential Community Trust Corporation (the Trust) was established in December 1993 to manage the leasing process, the lands specified in the Act and six related community buildings on behalf of the Island residents and the public. These are:

- The Algonquin Island Association Clubhouse, located at 18 Wyandot Avenue on Algonquin Island
- The Shaw House, located at 108 Lakeshore Avenue on Ward's Island
- The Rectory, located at 102 Lakeshore Avenue on Ward's Island
- The Old Firehall, located at 101 Cibola Avenue on Ward's Island
- The two Ward's Island Association Clubhouse buildings, located at 18 and 20 Withrow Street on Ward's Island

The lands administered by the Trust for residential purposes and the six community buildings are vested in the Province under the Act. They are leased to the Trust until December 15, 2092, under specified conditions set out in the Act.

The Trust is managed by a board of directors (the board) consisting of up to 15 members. Board members are appointed on the recommendation of the Minister of Municipal Affairs and Housing by the Lieutenant Governor in Council. In 2012-13, the board was composed of six volunteer members and supported by one part-time staff person. Four of the six board members were employees of the Ontario Public Service and two members were Island residents.

Trust operations are financed by a levy on leaseholders, property rentals, administrative fees and investment income. The Trust receives no provincial funding.

The Memorandum of Understanding clarifies the mandate of the Trust and the accountability relationship between the Minister and the Trust and was reaffirmed by the new Minister of Municipal Affairs and Housing on March 1, 2012 (the Honourable Kathleen Wynne).

To comply with the Province's Agency Establishment and Accountability Directive, 2010, the Trust Chair is required to provide the Minister annually with a Three-Year Business Plan and an Annual Report. In 2012-13, the Trust also prepared and released its first ever Strategic Plan for the 2013-16 planning period.

B. MANDATE

The Trust's mandate is set out in the Act and is complemented by a Memorandum of Understanding between the Trust and the Minister of Municipal Affairs and Housing. The mandate of the trust includes the following responsibilities:

- Managing the land and other buildings and structures on the land described in the Schedule to the Act for the benefit of the residential community on the Toronto Islands and the public
- Operating the buildings and structures on the land described in the Act for the benefit and enjoyment of the public
- Ensuring that the public has reasonable access to the buildings and structures operated by the Trust
- Managing the sale of houses and land leases and vacant land leases on the Toronto Islands
- Raising sufficient revenues to carry out the objects of the Trust

To carry out its responsibilities, the Trust must maintain a waiting list of people who wish to purchase land leases when they become available. This Purchasers' List contains up to 500 positions.

The Trust must also raise sufficient revenue to fulfill its mandate, administer the Trust's operations and manage the six community buildings for the benefit of both the community and the public.

C. TRUST GOVERNANCE

Board of Directors, Committees and Staff

The Trust's board of directors is appointed by the Lieutenant Governor in Council. It generally consists of four directors who are Ontario Public Service appointees and two directors who are Island residents (as nominated/elected by the Island community at large). The board elects the following officers from amongst its members: chair, vice-chair, treasurer and secretary. Two new members joined the board in 2012-13 to replace outgoing members.

Board appointees in 2012-13 were:

Board Member	Appointment Initial Date	Appointment Expiry Date	Appointee of
Lorraine Filyer Chair	April 1, 2012	March 31, 2013	Island Resident
Susan Wang Vice-Chair	July 29, 2010	March 31, 2013	Ontario Public Service
Ravi Bhusia Treasurer	July 29, 2011	March 31, 2013	Ontario Public Service
Astero Patsali Secretary	July 29, 2011	March 31, 2013	Ontario Public Service
Geoffrey Gladdy	July 29, 2006	March 31, 2013	Ontario Public Service
Annie Szamosi	April 1, 2012	March 31, 2013	Island Resident

The Trust office is staffed by an administrator on a part-time basis. A new administrator was recruited in November 2012. The Trust office is also supported by a part-time bookkeeper.

Board Meetings

In 2012-13, the board held 13 meetings to oversee Trust business and to ensure the objects of the Trust were met. Meetings are open to the community and the public.

Members of the Toronto Island Community Association (TICA) regularly attended the meetings.

The board also attended two community meetings. At the first meeting on May 31, 2012, the community endorsed the Trust's 2012-13 budget prior to board approval. At the second meeting on September 27, 2012, the community received the Trust's 2011-12 audited financial statements as presented by a representative of the auditing firm of Clarke Henning.

Board Committees

In 2012-13, the Trust continued to be supported by the following committees: Finance, Governance, Management, and Properties as well as two ad hoc sub-committees – Appraisal and Lease Breach. The purpose of the committees is to provide advice and recommendations so that the board can ensure that the financial and operational activities of the Trust are carried out in the most efficient, economical manner and in accordance with acceptable accounting practices and applicable government legislation, regulations, directives, guidelines, and policies.

The committees are composed of board members, TICA members and Island community volunteers. The administrator is a key link and has an active role in all these committees.

Community Volunteerism

The Trust welcomes and relies on community volunteers to provide additional perspectives in its deliberations and to inform its decisions in carrying out the mandate of the Trust. Community volunteers are also involved in other community related activities that contribute to a healthy and vibrant island community.

Community volunteer activities include the following:

- operating five of the six Trust buildings
- assisting with open houses related to sales of Island homes
- undertaking projects that enhance the beauty of the eastern part of the Island
- holding annual garden and house tours to benefit both community and charitable activities
- offering programs for children and youth
- running a concert series at the church
- serving as members of groups that deal with waterfront issues and city-wide cycling initiatives, and
- participating in annual clean-ups of the park

Both Islanders and the general public participate in many of these activities.

In 2012-13, for example, the second phase of Willow Square (which contains the pebble mosaic reported on last year) was completed with the aid of Toronto Parks and Recreation, which has partnered with the Islanders on this park enhancement project. Planting and maintaining the square's garden is an ongoing volunteer activity.

D. OPERATIONAL ACTIVITIES IN 2012-13

The Trust's core activities include:

- maintaining official records of existing leases and common facilities
- disseminating information about and managing the lease process and overseeing compliance with lease agreements. This includes informing and responding to inquiries from leaseholders, prospective leaseholders, third parties and the Ministry of Municipal Affairs and Housing, as required
- maintaining the Purchasers' List and the Property Register, as required
- conducting the sale and permitted transfers of leases and homes on leaseholds
- managing six community buildings, in cooperation with the Island community and leaseholders

In 2012-13, the Trust undertook a number of activities and made progress in several areas as follows:

Strategic Plan

In the fall of 2012-13, the Trust undertook a strategic planning exercise to guide the operations of the trust and identified key priorities over the next 3 years to fulfill its mandate. Board members, TICA members and Island volunteers participated in the strategic planning exercise and brought a wide range of perspectives to inform the content of the strategic plan. The strategic plan was shared with the Ministry of Municipal Affairs and Housing and is posted on the Trust website.

Property Register

The Property Register outlines property information for all residential properties on Ward's and Algonquin Islands. The Property Register was updated and submitted to the City of Toronto as required in November 2012. The Property Register is updated throughout the year to keep it current for the annual submission to the City of Toronto.

Purchasers' List and By-law

Under the Act, the Trust is required to create a waiting list for potential purchasers of Island homes and land leases. In 2012-13, the Purchasers' List was not reopened. However, the list was accessed as there were four island properties for sale.

As part of the Board's ongoing review of its policies, the Board reviewed and updated the Purchaser's list by-law and it will be presented at the spring community meeting. The by-law will then be posted on the Trust website to make it accessible to the public.

House Sales

In 2012-13, four house sales were initiated in accordance with the provisions of the Act. Notices of the house sales were sent to the first 250 names at the top of the Purchasers' list. The houses are expected to close in the 2013-14 fiscal year. An additional appraiser was appointed by the Trust to carry out appraisals for these house sales.

Information Sharing

The Trust regularly receives and responds to leaseholder requests for information or access to documentation regarding their properties. The Trust also receives a large number of inquiries regarding the Purchasers' List. For example, from January to March, the Trust office responded to over 370 inquiries; almost half were in reference to the Purchasers' List. The Trust is developing a communications strategy to guide its communications with current and prospective leaseholders and the public at large. The Trust website is updated regularly with information about both Trust and Island activities. The website can be accessed at: <http://torontoisland.org>.

Lease Compliance/Levy Payments

The Trust continues to focus resources on collecting the established annual levy payments from all leaseholders, and progress is ongoing as evidenced by a marked improvement in levy collection compared to the previous year. In 2012-13, over 85% of leaseholders were up to date with their levy payments.

Managing Community Buildings

Maintenance of community buildings, vested in the Province and managed by the Trust, is ongoing for the benefit of the public and the community. These buildings

and facilities provide venues for organizational sports and recreational programs such as the Toronto Island Canoe Club and Camp, the Ward's Island Recreation Association lawn bowling and tennis, and the Montessori Day Care and Camp at the Algonquin Island Association clubhouse. The buildings are also rented to the public for special functions, such as weddings, and two of the Trust buildings also house cafés. This rental income helps to keep the buildings in good repair. The Rectory Café housed in the Rectory building is a popular dining destination for locals and the general public.

In 2012-13, the Trust initiated building inspections and asset management plans for four of its six buildings, as part of the Trust's asset management strategy. Following these property assessments, the Trust will develop and implement a multi-year capital improvement plan to ensure longevity of the building stock, continued enjoyment of the buildings and minimize risk or unforeseen costs or repairs.

In 2012-13 the Trust engaged in lease renewal negotiations with the Rectory café, which is a tenant in the Rectory, the only building to be managed directly by the Trust. These negotiations are expected to result in a lease that provides significantly more income for the Trust; a large portion of this new revenue is expected to be used for capital improvements to the building over the next three years.

E. OPERATIONAL PERFORMANCE

The Trust continues to adhere to the requirements of the province's Agency Establishment and Accountability Directive, 2010. The Memorandum of Understanding between the Trust and the province continues to be complied with. The Trust's 2012-15 Business Plan was developed and submitted according to the province's requirements and timelines. The Trust's 2011-12 Annual Report was tabled in the Legislature by the required deadline.

Achievement of Performance Measures

In its 2012-15 Business Plan, the Trust identified the following potential performance measures:

Timely sale of leases and homes

House sales were initiated for four properties. The many components involved in an Island house sale, as dictated by the Act and regulation, were recorded in order to develop benchmarks for possible performance measures in the future.

Timely collection of revenues from leases/rents/levies consistent with Trust policies

The Trust has made a concerted effort to bring outstanding levy accounts into compliance and ensuring current levies are paid within the required timeframes. In 2012-13, over 85% of leaseholders were current with their levy payment, as compared to 70% the previous year. In addition, the Trust initiated a comprehensive review of the lease with its Rectory Café tenant, as it was up for renewal, in order to ensure fair and equitable terms and compensation.

Timely delivery of the Property Register to the City of Toronto

The Trust continues to ensure that the Property Register is current based on the documentation and information provided by leaseholders. The Property Register was submitted to the City of Toronto as required.

The board considers that it carried out the work it was required to do during the course of the year. It will, however, begin gathering data, metrics and benchmarks for new measures proposed in its 2013-16 business plan. In the development of these proposed new measures, the Trust reflected on its key activities:

- maintaining official records of existing leases and common facilities
- disseminating information about and managing the lease process and overseeing compliance with lease agreements
- maintaining the Purchasers' List and the Property Register, as required
- conducting the sale and permitted transfers of leases and homes on leaseholds
- managing six community buildings, in cooperation with the Island community and leaseholders.

F. FINANCIAL PERFORMANCE

The Trust's 2012-13 budget, approved by the community on May 31, 2012 and by the Trust board on August 29, 2012, confirmed that the business of the Trust would continue to be financed primarily by a levy on the 262 leaseholders, as well as by property rental fees, administrative fees and investment income. The Trust receives no provincial or municipal funding to support its operations.

A copy of the 2012-13 audited financial statements is attached to this annual report. As per the Trust's by-law, these audited financial statements will be presented to the community in the fall of 2013. The audit of the Trust's financial statements for the prior fiscal year (2011-12) was presented to the community on September 27, 2012. The audit found the Trust to be financially sound.

Attachment:

Audited Financial Statements

**TORONTO ISLANDS RESIDENTIAL COMMUNITY
TRUST CORPORATION**

FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2013 AND 2012

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TORONTO ISLANDS RESIDENTIAL COMMUNITY TRUST CORPORATION

Report on the Financial Statements

We have audited the accompanying financial statements of Toronto Islands Residential Community Trust Corporation (the "Trust"), which comprise the statements of financial position as at March 31, 2013, March 31, 2012 and April 1, 2011 and the statements of revenues and expenses, changes in net assets and cash flows for the years ended March 31, 2013 and March 31, 2012, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Trust as at March 31, 2013, March 31, 2012 and April 1, 2011 and its financial performance and its cash flows for the years ended March 31, 2013 and March 31, 2012 in accordance with Canadian accounting standards for not-for-profit organizations.

Report on Other Legal and Regulatory Requirements

In accordance with the Corporations Act (Ontario), we report that the Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

Clarke Henning LLP

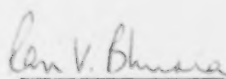
Toronto, Ontario
June 26, 2013

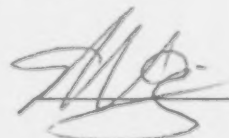
CHARTERED ACCOUNTANTS
Licensed Public Accountants

TORONTO ISLANDS RESIDENTIAL COMMUNITY TRUST CORPORATION
STATEMENTS OF FINANCIAL POSITION
AS AT MARCH 31, 2013, MARCH 31, 2012 AND APRIL 1, 2011

	March 31, 2013	March 31, 2012	April 1, 2011
ASSETS			
Current assets			
Cash	\$ 40,806	\$ 29,155	\$ 1,661
Short term investments (note 3)	197,605	197,605	221,606
Accounts receivable - levies (note 4)	43,505	64,846	68,627
Accounts receivable - others (note 4)	15,858	16,700	18,022
Amount held in trust re lease transfer	-	-	10,098
	297,774	308,306	320,014
Property and equipment (note 5)	528,464	546,639	577,964
	826,238	854,945	897,978
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities (note 6)	46,180	36,814	28,536
Payable to City of Toronto re lease transfer	-	-	10,098
	46,180	36,814	38,634
Unamortized capital contribution	479,270	508,028	536,784
	525,450	544,842	575,418
NET ASSETS			
Reserve for contingencies (note 9)	228,070	223,070	218,070
Reserve for capital expenditure and major repairs (note 9)	18,400	30,000	25,000
Reserve for office expenses	5,000	5,000	5,000
Unappropriated balance (note 8)	49,318	52,033	74,490
	300,788	310,103	322,560
	\$ 826,238	\$ 854,945	\$ 897,978

Approved on behalf of the Board:

 Ian V. Bhurara, Director

 Director

TORONTO ISLANDS RESIDENTIAL COMMUNITY TRUST CORPORATION

STATEMENTS OF REVENUES AND EXPENSES

YEARS ENDED MARCH 31, 2013 AND 2012

	2013	2012
Revenues		
Operating levy	\$ 82,586	\$ 74,683
Purchaser list fees and renewals	20,429	29,045
Administration fees	666	2,933
Rental income	26,435	15,968
Interest income	4,749	5,332
Other	17,529	2,180
	152,394	130,141
Expenses		
Human resources	69,732	79,728
Legal and audit	41,179	25,551
Repairs and maintenance (note 9)	8,860	6,100
Office and general	18,562	12,510
Insurance	16,120	13,008
Depreciation expense - net (note 7)	3,963	2,569
Heating and electricity	3,293	3,132
	161,709	142,598
Deficiency of revenues over expenses for the year	\$ (9,315)	\$ (12,457)

TORONTO ISLANDS RESIDENTIAL COMMUNITY TRUST CORPORATION
STATEMENTS OF CHANGES IN NET ASSETS
YEARS ENDED MARCH 31, 2013 AND 2012

	Reserve for Contingencies	Reserve for Capital Expenditures and Major Repairs	Reserve for Office Expenses	Unappropriated Balance	Total	
					2013	2012
Balance - at beginning of year	\$ 223,070	\$ 30,000	\$ 5,000	\$ 52,033	\$ 310,103	\$ 322,560
Deficiency of revenues over expenses for the year	-	-	-	(9,315)	(9,315)	(12,457)
Transfer to (from) reserves (note 9)	5,000	(11,600)	-	6,600	-	-
Balance - at end of year	\$ 228,070	\$ 18,400	\$ 5,000	\$ 49,318	\$ 300,788	\$ 310,103

TORONTO ISLANDS RESIDENTIAL COMMUNITY TRUST CORPORATION

STATEMENTS OF CASH FLOWS

YEARS ENDED MARCH 31, 2013 AND 2012

	2013	2012
Cash flows from operating activities		
Cash receipts from residents and others	\$ 169,827	\$ 129,912
Interest received	4,749	5,332
Cash paid to employees and suppliers	(148,379)	(131,750)
	26,197	3,494
Cash flows from investing activity		
Purchase of property and equipment	(14,546)	-
Sale of short-term investment	-	24,000
Change in cash during the year	11,651	27,494
Cash - at beginning of year	29,155	1,661
Cash - at end of year	\$ 40,806	\$ 29,155

TORONTO ISLANDS RESIDENTIAL COMMUNITY TRUST CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2013 AND 2012

Toronto Islands Residential Community Trust Corporation (the "Trust") was incorporated without share capital by The Toronto Islands Residential Community Stewardship Act of the Ontario Legislature. The Trust is to manage certain land and buildings on Toronto Islands for the benefit of the residential community on the islands and the public.

The Trust is managed by a board of not more than fifteen directors appointed by the Lieutenant Governor in Council.

The Province of Ontario has leased to the Trust, until December 15, 2092, all of the residential area on Toronto Islands. The Trust has leased to the owners of individual houses, the land on which their houses are situated for a period ending December 15, 2092, under the terms and conditions set out in the legislation.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared using Canadian accounting standards for not-for-profit organizations. These standards are in accordance with Canadian generally accepted accounting principles and include the following accounting policies:

Financial Instruments

The Trust initially measures its financial assets and liabilities at fair value. The Trust subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets and liabilities measured at amortized cost include cash and short-term investments, accounts receivable and accounts payable and accrued liabilities.

Revenue Recognition

The Trust's operating levy is recognized as revenue during the year to which the levy applies, purchaser list fees are recognized when earned and administration fees from sale of land leases are recognized when the land lease agreement is concluded.

Rental, interest and other income are recorded as revenue when they are earned.

Short Term Investments

Short term investments consist of guaranteed investment certificates and are recorded at cost plus accrued interest which approximates fair value.

Property and Equipment

The land lease of the residential area on Toronto Islands is recorded at nominal value. All other property and equipment are recorded at cost, or where cost is not determinable, at estimated replacement cost. Depreciation is provided over their estimated useful life on a straight line basis at the following annual rates:

Leasehold interest in buildings and building improvements	- 2.5%
Furniture and equipment	- 10%-25%

The above rates are reviewed annually to ensure they are appropriate. Any changes are adjusted for on a prospective basis. If there is an indication that the assets may be impaired, an impairment test is performed that compares carrying amount to net recoverable amount. There were no impairment indicators in 2013.

TORONTO ISLANDS RESIDENTIAL COMMUNITY TRUST CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED MARCH 31, 2013 AND 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Amortization of Capital Contributions

The Province of Ontario's contribution of a leasehold interest in the non-residential buildings in the area managed by the Trust is being amortized and brought into income on a straight line basis over 40 years, being the expected useful lifetime of the buildings.

Reserves

The Trust maintains reserves for capital expenditure and major repairs, contingencies and for office expenses as Board-designated allocations out of net assets.

Use of Estimates

The preparation of Trust's financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates, the impact of which would be recorded in future periods.

2. IMPACT OF THE CHANGE IN THE BASIS OF ACCOUNTING

Effective April 1, 2012, the Trust adopted the requirements of the Canadian Institute of Chartered Accountant's Handbook and has adopted Canadian Accounting Standards for Not-for-Profit Organizations. This accounting framework is in accordance with Canadian generally accepted accounting principles (GAAP). These are the first financial statements prepared in accordance with this framework which has been applied retrospectively. The accounting policies set out in the summary of significant accounting policies have been applied in preparing the financial statements as at March 31, 2013 and for the year then ended and the comparative information presented in these financial statements as at March 31, 2012 and for the year then ended and in the preparation of an opening statement of financial position at April 1, 2011.

The Trust previously issued financial statements for the year ended March 31, 2012 using pre-changeover accounting standards which are the standards applied by the Trust prior to its adoption of Canadian Accounting Standards for Not-for-Profit Organizations ("NPO Standards"). The adoption of NPO Standards had no impact on the previously reported assets, liabilities and net assets of the Trust, and accordingly, no adjustments were required in the comparative statement of financial position, statements of revenues and expenses, changes in net assets and cash flows. Certain of the comparative presentation and disclosures included in the notes to these financial statements reflect the new presentation and disclosure requirements of NPO Standards.

TORONTO ISLANDS RESIDENTIAL COMMUNITY TRUST CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED MARCH 31, 2013 AND 2012

3. SHORT TERM INVESTMENTS

Details of short term investments are as follows:

	<i>Face Value</i>	<i>March 31, 2013</i>	<i>March 31, 2012</i>	<i>April 1, 2011</i>
\$ 72,000	HSBC Trust Company, GIC, 2.70%, due July 29, 2013	\$ 73,305	\$ 73,305	\$ 73,305
50,000	Home Trust Company, GIC, 2.25%, due June 30, 2014	51,170	51,170	-
72,000	Equitable Trust Co, GIC, 2.32% due July 27, 2015	73,130	-	-
72,000	Canadian Western Bank, GIC, 2.32%, due July 27, 2012	-	73,130	73,130
74,000	Bank of Nova Scotia, GIC, 2.10%, due June 29, 2011	-	-	75,171
		\$ 197,605	\$ 197,605	\$ 221,606

In all cases, cost, as set out above, approximates fair value. The return on current year investments approximates 2.42% (2.34% in 2012).

4. ACCOUNTS RECEIVABLE

As at March 31, 2013 the carrying amount of impaired receivables totalled \$2,073 (\$2,226 at March 31, 2012 and \$2,226 at April 1, 2011). These receivables are presented net of an allowance for doubtful accounts of \$2,073 (\$2,226 at March 31, 2012 and \$2,226 at April 1, 2011).

5. PROPERTY AND EQUIPMENT

Details of property and equipment are as follows:

	<i>Cost</i>	<i>Accumulated Depreciation</i>	<i>Net Book Value</i>		
			<i>March 31, 2013</i>	<i>March 31, 2012</i>	<i>April 1, 2011</i>
Land lease	\$ 1	\$ -	\$ 1	\$ 1	\$ 1
Leasehold interest in buildings	1,150,248	670,978	479,270	508,027	536,783
Furniture and equipment	37,958	34,070	3,888	6,626	8,152
Building improvements	56,277	10,972	45,305	31,985	33,028
	\$ 1,244,484	\$ 716,020	\$ 528,464	\$ 546,639	\$ 577,964

TORONTO ISLANDS RESIDENTIAL COMMUNITY TRUST CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED MARCH 31, 2013 AND 2012

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities include government remittances totalling \$369 at March 31, 2013 (\$2,331 at March 31, 2012 and \$NIL at April 1, 2011).

7. DEPRECIATION OF PROPERTY AND EQUIPMENT

Net depreciation expense for the year is calculated as follows:

	2013	2012
Furniture and fixtures	\$ 2,592	\$ 541
Computer equipment	146	985
Building improvements	1,225	1,043
Leasehold interest in buildings	28,756	28,756
Less amortization of capital contribution	(28,756)	(28,756)
	<u>\$ 3,963</u>	<u>\$ 2,569</u>

8. NET ASSETS - UNAPPROPRIATED BALANCE

Included in the unappropriated balance of net assets is an amount invested in property and equipment. Changes in this amount during the year are as follows:

	2013	2012
Balance - at beginning of year	\$ 38,611	\$ 41,180
Property and equipment purchased	14,546	-
Amortization of property and equipment less amortization of deferred capital grants	(3,963)	(2,569)
Balance - at end of year	<u>\$ 49,194</u>	<u>\$ 38,611</u>

9. NET TRANSFER TO (FROM) RESERVES

The Trust's Board established a reserve for contingencies in earlier years. It is the Board's intention to transfer to this reserve each year an additional amount representing interest earned on the reserve balance in order to avoid erosion of purchasing power of the reserve due to inflation. In accordance with this policy, an additional amount of \$5,000 was transferred in the 2013 fiscal year (\$5,000 in 2012).

In addition, during the year the Board decided to transfer \$11,600 from the reserve for capital expenditures and major repairs to unappropriated reserve balance on account of the following:

- \$14,600 transfer from the reserve for capital expenditures and major repairs to unappropriated reserve balance on account of capital expenditure incurred at the rectory building; and
- \$3,000 from the unappropriated reserve balance to reserve for capital expenditures and major repairs for future capital expenditures and major repairs.

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10. FINANCIAL INSTRUMENTS

The Trust is exposed to various risks through its financial instruments. The following analysis provides a measure of the Trust's risk exposure at the statement of financial position date.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Trust's main credit risks relate to accounts receivable. The Trust mitigates credit risk by regularly monitoring the accounts. Management has included adequate provision for doubtful accounts receivable in these financial statements.

Liquidity Risk

Liquidity risk is the risk that the Trust will encounter difficulty in meeting obligations associated with financial liabilities. The Trust is exposed to this risk mainly in respect of its accounts payable. The Trust expects to meet these obligations as they come due by generating sufficient cash flow from operations.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Trust is not exposed to currency risk, interest rate and price risks.

11. GUARANTEES AND INDEMNITIES

The Trust has indemnified its past, present and future directors, officers and volunteers against expenses (including legal expenses), judgments and any amount actually or reasonably incurred by them in connection with any action, suit or proceeding, subject to certain restrictions. The Trust has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits and actions, but there is no guarantee that the coverage will be sufficient should any action arise.

In the normal course of business, the Trust has entered into agreements that include indemnities in favour of third parties, either express or implied, such as in service contracts, lease agreements or sales and purchase contracts. In these agreements, the Trust agrees to indemnify the counterparties in certain circumstances against losses or liabilities arising from the acts or omissions of the Trust. The maximum amount of any potential liability cannot be reasonably estimated.